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UNCLAS CAIRO 008077

SIPDIS

SENSITIVE

E.O. 12958: N/A

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SUBJECT: GAMAL MUBARAK ON CORRUPTION IN EGYPT

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1. (SBU) During their October 18 meeting, the Ambassador flagged for Gamal Mubarak President Bush's personal interest in the subject of corruption and international efforts to combat it. Corruption poses a serious threat to the processes of economic and political reform, the Ambassador continued, and underlined U.S. interest in supporting Egyptian efforts to stamp it out. He recommended that the GOE and ruling NDP pre-empt opposition attempts to exploit popular resentment at corruption by making anti-corruption action a priority. Beyond the public references already made by President Mubarak himself, and other senior GOE figures, the Ambassador recommended that the GOE show the Egyptian people that the GOE and NDP "have a plan, are acting on it, and are getting results."

2. (SBU) Gamal responded that corruption had long been an issue in Egyptian politics and acknowledged that it remains a problem in Egyptian society. At the same time, Gamal asserted, the GOE has long taken a hard line on corruption, bringing many prosecutions on corruption cases, including a number of high profile cases. Gamal asserted to the Ambassador that many of the economic and political reforms recently implemented, or currently in the process of implementation (most designed by Gamal's policies secretariat within the ruling NDP), are yielding tangible gains in the battle against corruption.

3. (SBU) "The point is not what people are saying about corruption, but what we are actually doing about it," Gamal agreed. Egypt, he continued, has a plan to fight corruption, and cited the overhaul of Egypt's taxation regime, customs reforms, and the devolution of authority to local government units as examples of reforms that would "fundamentally change the way the GOE does business" and sharply reduce, if not eliminate, many opportunities for corruption. He stated that more structural reforms designed to improve governance and fight corruption will be GOE priorities for the new People's Assembly.

4. (SBU) The Ambassador reemphasized to Gamal the USG's interest in the issue of corruption and its readiness to help Egypt redouble its efforts to combat it, including through ongoing USAID programs supporting governance reform. Gamal welcomed the offer.

5. (SBU) Comment: The Ambassador's conversation with Gamal Mubarak follows up previous discussions of the issue with Minister of Trade Rashid and Minister of Investment Mohieldin. Recent evidence of new GOE attention to corruption came during the presidential campaign and subsequently through the public comments of both those officials. The Ministry of Investment is expected to publish new corporate governance guidelines in the near future. Meanwhile, the People's Assembly is expected to resume debate, after the new parliament is seated in mid-December, on a draft anti-corruption law which is understood to establish a new government agency especially charged with combating corruption. The last significant spurt of anti-corruption activity came in 2001-2, when the GOE's Administrative Control Authority (ACA) brought a number of high profile corruption cases, including a case against the Governor of Giza, Egypt's second most populous province, under the leadership of prosecutor Hitler Tantawi in 2001-2002. Tantawi has since left the job, and the ACA's activities have mainly dropped off the public radar screen. End comment.

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